THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) to (c) There is no proposal to selectively remove the CST only in respect of oil companies.

2. Presently, inter-State sale transaction are subject to levy of Central Sales Tax (CST). The CST is levied when the sale or purchase of goods either (i)(occasions the movement of goods from one State to another; or (ii) is effected by a transfer of document of title to the goods during their movement from one State to another. The CST is levied uniformly on all inter-State sale transaction including such transaction between oil companies.

3. As part of the tax reform process, it is proposed to phase out the CST gradually over next three years, since CST is inconsistent with VAT. As part of this process, it is proposed to reduce the CST rate from 4% to 3% *w.e.f.* 1st April, 2007. This will apply to all transactions involving inter-State saie of goods, including such transactions between the oil companies.

FDI inflow in the country

760. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that in 15 years since the country started liberalizing its economy, cumulative FDI inflows into India (April 1991 to September 2005) have totalled only $ 44 billion while China attracted $ 72 billion in 2005 alone;

(b) whether it is also a fact that due to its dismal record of attracting Foreign Driect Investment, India slipped seven notches to rank 119 in the inward foreign investment performance index in an UNCTAD report; and

(c) if so, the steps Government propose to take to attract substantial Foreign Direct Investment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

(b) India's ranking is 119 in inward foreign investment performance index, according to Worl Investment Report 2006, published by UNCTAD, but the FDI inflow to India has shown considerable growth in recent years. While

the FDI inflow in the year 2004-05 was US$6.05 billion, it has increased to US$7.72 billion in the year 2005-06; and in the first 10 months of the current financial year 2006-07, it has already reached the level of US$12.51 billion.

(c) Government has put in place a liberal and transparent FDI policy accroding to which FDI upto 100% under the automatic route is allowed in most sectors/activities. The FDI policy including caps on foreign equity limits and procedures are reviewed on a continuing basis with a view to creating an improved investment regime for attracting higher FDI inflow. A review of the FDI policy was undertaken by the Government in January 2006 whereby further rationalization measures were implemented. Government of India has also set up the Foreign Investment Implementation Authority (FIIA) *vide* resolution dated 9th August, 1999 to facilitate quick translation of FDI approvals into implementation, to provide a pro-active one stop after care service to foreign investors by helping them obtain necessary approvals, sort out operational problems and meet with various Government agencies to find solution to their problems.

Corruption in IT department

761. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are following Pay Tax, Kara Relax;

(b) if so, the details thereof;

(c) whether Government are aware that just with Rs.500, one can beat the queues-courtesy touts and corrupt tax clerks;

(d) if so, the details thereof;

(e) whether Government have not made saral arrangements at the Mayur Bhavan to receive the applications; if so, the reasons therefor;

(f) what is the level of corruption in the Income Tax Department reported during each of the last two years, State-wise and cadre-wise;

(g) the action taken against such corrupt employees; and

(h) whether Government are showing laxity on curbing corruption especially in IT Department, if so the reasons therefor?